

SYN. NO. _____

AGN. NO. _____

MOTION BY SUPERVISOR ZEV YAROSLAVSKY

FEBRUARY 3, 2004

On January 28, 2004 Tenet Healthcare Corporation announced its decision to sell 27 hospitals of its national hospital inventory. Among the hospitals to be sold, 19 are located in California, and among these, 14 are located in Los Angeles County. The total capacity of the hospitals in Los Angeles County exceeds 3,100 beds. All but two of these hospitals operate emergency rooms, some of which are among the most important emergency medical centers in the County in terms of volume and location. Several of these hospitals are disproportionate share hospitals, serving a high percentage of low income and uninsured patients.

Tenet has cited a variety of reasons for the decision to sell these hospitals, including future financial projections. A prominent reason for the sale is the \$1.6 billion projected cost of upgrading the physical condition of Tenet hospitals to meet California earthquake standards by 2008. Tenet has indicated that the divestiture of these hospitals will be substantially complete by the end of 2004.

(MORE)

MOTION

MOLINA	_____
BURKE	_____
YAROSLAVSKY	_____
ANTONOVICH	_____
KNABE	_____

This means that Tenet expects to consummate the sale of 14 hospitals in Los Angeles County (and 13 hospitals elsewhere) within less than a 12-month period.

Despite Tenet's optimism, achievement of this objective is questionable. Under the best of circumstances, the sale of even one hospital and completion of the transaction in a twelve-month time-span is an ambitious undertaking. Given today's uncertain environment for health care finance, coupled with costly seismic safety requirements facing all California hospital operators, potential buyers may be hard to find.

Nonetheless, Tenet is clearly going forward and apparently intends to dispose of all these hospitals during the current year. But even if each and every one is successfully transferred to a new hospital operator, there is no assurance that existing hospital services, such as emergency medical care, will be maintained under the new owners. The loss of even a portion of these hospitals or hospital services could threaten health care access for major segments of Los Angeles County's population, including low-income residents served by public and private disproportionate share hospitals.

The decision by Tenet to divest these hospitals is clearly a business decision on its part to address the financial threats to its own system and improve its overall financial condition. At the same time, given Tenet's large share of hospitals in Southern California, this decision will have far-reaching implications affecting the general health and welfare of the people of this region.

For this reason, it is imperative that government leaders representing communities in the affected areas turn their attention to this very important development. The Board of Supervisors should act to assure that all necessary measures are taken to preserve health care access and minimize any problems this decision may pose to the health care system

and the health of the population.

I, THEREFORE, MOVE that the Board find that the decision by Tenet Healthcare Corporation to divest 27 hospitals, including 14 in Los Angeles County, is a matter of major consequence to the people of Los Angeles County.

I, FURTHER, MOVE that the Board instruct the Director of Health Services to arrange a hearing or hearings by the Emergency Medical Services Commission on the subject of the Tenet divestiture plan; that such hearings be scheduled on an urgent basis; and that representatives from Tenet Corporation and other appropriate stakeholder groups be invited to participate in the hearings.

I, FURTHER, MOVE that the Board instruct the Director of Health Services to initiate immediately a comprehensive analysis, to be completed in 90 days, of the potential impact of the Tenet divestiture plan on the County's health care system, including emergency services, on the broader health care industry (including disproportionate share hospitals), and on the communities served by each Tenet hospital.

I, FURTHER, MOVE that the Board instruct the Executive Officer to prepare a five-signature letter to the State Attorney General, informing him of the Board's concerns regarding the Tenet divestiture plan and requesting his participation in reviewing the Tenet plan and ensuring that all of Tenet's legal obligations to the people of California are met.

RH: motion\add\Tenet Sale2